

BUDGET COMMITTEE INTRODUCTION

OVERVIEW

Four months before Katrina, Congress had already committed to addressing the growing crisis of Federal spending: The budget resolution adopted in April (the conference report on H.Con.Res. 95) included the first effort in nearly a decade to restrain the government's unsustainable entitlement spending. The worst natural disaster in the Nation's history—and the substantial Federal resources needed to help its victims—simply brought the fiscal challenge into a sharper and more immediate focus.

These are the main factors driving the reconciliation bill reported by the Committee on the Budget on 3 November 2005. The discussion below describes the economic, historical, and fiscal context more fully, and offers a sketch of the overall reconciliation plan.

PRE-KATRINA

To fully appreciate the significance of this measure, it is helpful to reflect on the situation before Hurricane Katrina struck—by about mid-August of this year. Both the U.S. economy and the Federal budget seemed to have caught a lucky streak:

- The economy had hit its stride. Real growth in gross domestic product [GDP] had averaged 3.7 percent for the previous eight quarters, and most analysts were projecting a sustained expansion.
- Jobs were growing at an average of about 194,000 a month.
- More than 4 million new payroll jobs had been added in just more than 2 years.
- The always-important manufacturing sector had been expanding for 27 consecutive months.
- Even the oil and gasoline price spikes of mid-summer, though serious, were not throwing the economy off track.
- Federal tax revenue for the current year had risen 15 percent—an increase that was both unprecedented and unpredicted—and the estimated budget deficit had declined by \$94 billion in just 6 months.

But “luck is the residue of design,” the great Branch Rickey famously said; and that was true of these fiscal and economic fortunes as well: They were the product of a plan. In the middle of 2001, when the economy was slowing, Congress and the President lowered tax burdens (by \$1.35 trillion over 11 years) to cushion the fall, and to provide a better foundation for growth. As it turned out, the recession that year was one of the mildest on record; and even with the tax cuts—and the ample spending that budget surpluses

at the time allowed—the congressional budget could project \$2.4 trillion in debt reduction by 2011.

Then the World Trade Center fell—and the U.S. was forced to meet global terrorism head-on. The ensuing war—which continues today—and the need to enhance security at home added extraordinary burdens to the budget, driving it into deficit.

With sizable deficits came constant reminders of the need for spending control, and Congress responded. The fiscal year 2005 budget level-funded total non-security discretionary spending. The fiscal year 2006 budget actually reduced this spending—marking the first non-security cut since President Reagan. The resolution also budgeted for the Global War on Terror.

In addition, this year’s budget committed Congress to the first budget “reconciliation” legislation since 1997, embodied herein.

THE NEED FOR RECONCILIATION

The problem of government entitlement spending has long been known. Mounting medical costs, the forthcoming retirement of the baby-boom generation, and a *permanent* shift in the Nation’s demographics—one that reduces the number of workers for each retiree even after the baby-boomers are gone—will place unanswerable demands on Federal resources. They will crowd out other priorities and strain not only the Federal budget, but the Nation’s economy as a whole.

Just 10 years ago, this spending (excluding interest) represented about 49 percent of the budget; today it is 54 percent; in just 10 years, it will exceed 62 percent. Further, overall mandatory spending is growing at a rate of about 6 percent per year. This relentless upward trend typically outpaces both the economy’s growth and the long-term average increase in Federal revenue. Hence the problem: this spending growth cannot be sustained without continuous cuts in other programs, ever-increasing taxes, or more debt financing—none of which is acceptable.

Reconciliation is the budgetary process designed to address entitlements. Generally speaking, it works as follows:

- In any given year, the budget resolution may give “instructions” to select authorizing committees to achieve savings in entitlement programs in their respective jurisdictions. The committees involved may be any deemed suitable by the budget resolution, and the amounts of savings are whatever the resolution considers necessary.
- The authorizing committees involved then develop revisions in programs under their jurisdictions pursuant to these instructions. In short, these program revisions “reconcile” projected spending to the savings amounts required. The policy decisions are entirely up to the authorizing committees: The budget resolution instructions involve only the required savings amounts; they do not prescribe the programs affected or the policies to be developed.
- The authorizing committees then submit their policy changes to the Budget Committee, which binds them, without amendment, into a single bill, and reports it to the floor.

- Once passed, the measure goes into a conference with a corresponding bill from the Senate—where reconciliation is exempt from filibuster—and the two bodies develop a final conference report.

Reconciliation not only controls spending, but also tends, in the process, to drive much-needed reform of entitlement programs—some of which have not been revised or updated in decades.

THE EFFECT OF KATRINA

Although the growing demands of entitlement spending are well known, and reform long overdue, they develop and worsen gradually, and hence often fail to command the urgent and continuing attention they deserve. Katrina changed that: It forced Congress to recognize that overall spending had to be restrained starting *now*. It also caused Congress to raise the ante: committees were asked to increase their savings targets, relative to those set forth in the budget resolution, to begin offsetting the tens of billions of dollars that have been, and will be, spent for hurricane recovery.

Thus this reconciliation bill has two broad policy goals, one long-term, and one near: It starts the reform of government entitlements in ways that will make them more effective, more efficient, and less costly; and it recognizes that hurricane recovery is important enough to warrant diverting resources to it that otherwise would have been spent elsewhere. Both apply to the definition of “setting priorities and making choices”—more simply called “budgeting.”

COMPONENTS OF THE MEASURE

The bill reported by the Budget Committee provides \$53.9 billion of savings over 5 years. As noted, these savings have three principal goals:

- To provide a down-payment toward hurricane recovery and reconstruction costs. Congress already has provided nearly \$65 billion in recovery funding, and more funding is expected in the near future.
- To begin a longer-term effort at slowing the growth of entitlement spending.
- To stimulate reform of entitlement programs.

Eight House authorizing committees have hereby contributed to the savings effort, by modifying the authorizing laws for programs in their respective jurisdictions. Those committees, and their savings amounts, are as follows:

DEFICIT REDUCTION ACT SAVINGS BY COMMITTEE

[Outlays in millions of dollars]

Committee	Savings 2006–10
Agriculture	–3,649
Education and the Workforce	–20,422
Energy and Commerce	–17,066
Financial Services	–470
Judiciary	–428

DEFICIT REDUCTION ACT SAVINGS BY COMMITTEE—Continued

[Outlays in millions of dollars]

Committee	Savings 2006–10
Resources	–3,678
Transportation and Infrastructure	–156
Ways and Means	–8,047
Total savings	–53,916

Note: Savings are expressed in negative numbers to reflect their effect on the deficit.

The specific provisions that achieve these savings are described hereinafter, in the reports submitted by the respective authorizing committees.

CONCLUSION

It is sometimes said that budgeting is intrinsic to governing. After all, a budget is the one legislative vehicle through which Congress looks at the whole picture, weighs priorities against one another, and sets its agenda. Congress has many priorities, one of which—since August—has been recovering from the devastation of Katrina; and Congress will fulfill its obligations. But the term “priorities” is meaningless without *limits*—in this case, limits on the growth of Federal entitlement spending. If it is true that to govern is to choose, then Congress has chosen—through this reconciliation bill—to govern.

MISCELLANEOUS HOUSE REPORT REQUIREMENTS

COMMITTEE VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires with respect to each record vote on a motion to report a measure or matter of a public nature, and on any amendment offered to the measure or matter, the total number of votes cast for and against, and the names of members voting for and against must be included in the committee report.

On November 3, 2005, the committee met in open session, a quorum being present. The committee ordered reported the text of the Deficit Reduction Act of 2005 pursuant to the reconciliation instructions contained in the conference report on H. Con. Res. 95, the concurrent resolution on the budget for fiscal year 2006. The following votes were taken by the committee:

1. Mr. Ryun moved that the committee order reported with a favorable recommendation the text of the Deficit Reduction Act of 2005. The motion was agreed to by a rollcall vote of 21 ayes and 17 noes.

VOTE NO. 1

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. NUSSLE, Chairman	X			Mr. SPRATT, Ranking		X	
Mr. RYUN (KS)	X			Mr. MOORE		X	
Mr. CRENSHAW	X			Mr. NEAL		X	
Mr. PUTNAM	X			Ms. DeLAURO		X	
Mr. WICKER	X			Mr. EDWARDS		X	
Mr. HULSHOF	X			Mr. FORD		X	
Mr. BONNER	X			Mrs. CAPPS		X	
Mr. GARRETT	X			Mr. BAIRD		X	
Mr. BARRETT	X			Mr. COOPER		X	
Mr. McCOTTER	X			Mr. DAVIS		X	
Mr. DIAZ-BALART	X			Mr. JEFFERSON			
Mr. HENSARLING	X			Mr. ALLEN		X	
Mr. ROS-LEHTINEN	X			Mr. CASE		X	
Ms. LUNGREN	X			Ms. McKINNEY		X	

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. SESSIONS	X			Mr. CUELLAR		X	
Mr. RYAN (WI)	X			Ms. SCHWARTZ		X	
Mr. SIMPSON	X			Mr. KIND		X	
Mr. BRADLEY	X						
Mr. McHENRY	X						
Mr. MACK		X					
Mr. CONAWAY	X						
Mr. CHOCOLA	X						

MOTIONS ON RULE CONSIDERATION OF THE DEFICIT REDUCTION ACT OF 2005

1. MOTION LINKING TAX CUTS TO SPENDING CUTS

Representatives Neal, Case, Cooper, DeLauro, Edwards, and Schwartz moved that the Committee on the Budget direct its chairman to request, on behalf of the committee, that the rule for consideration of the Deficit Reduction Act of 2005 allow consideration of the Deficit Reduction Act of 2005 on the House floor only after the House has considered tax cut reconciliation legislation reported by the Ways and Means Committee pursuant to the concurrent resolution on the budget for fiscal year 2006 (H. Con. Res. 95). The motion was not agreed to by a rollcall vote of 17 ayes and 22 noes.

VOTE NO. 2

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. NUSSLE, Chairman		X		Mr. SPRATT, Ranking	X		
Mr. RYUN (KS)		X		Mr. MOORE	X		
Mr. CRENSHAW		X		Mr. NEAL	X		
Mr. PUTNAM		X		Ms. DeLAURO	X		
Mr. WICKER		X		Mr. EDWARDS	X		
Mr. HULSHOF		X		Mr. FORD	X		
Mr. BONNER		X		Mrs. CAPPS	X		
Mr. GARRETT		X		Mr. BAIRD	X		
Mr. BARRETT		X		Mr. COOPER	X		
Mr. McCOTTER		X		Mr. DAVIS	X		
Mr. DIAZ-BALART		X		Mr. JEFFERSON	X		
Mr. HENSARLING		X		Mr. ALLEN	X		

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. ROS-LEHTINEN		X		Mr. CASE	X		
Ms. LUNGREN		X		Ms. MCKINNEY	X		
Mr. SESSIONS		X		Mr. CUELLAR	X		
Mr. RYAN (WI)		X		Ms. SCHWARTZ	X		
Mr. SIMPSON		X		Mr. KIND	X		
Mr. BRADLEY		X					
Mr. McHENRY		X					
Mr. MACK		X					
Mr. CONAWAY		X					
Mr. CHOCOLA		X					

2. MOTION ON STUDENT LOANS

Representatives Kind, Capps, Cuellar, Edwards, Moore, and Schwartz moved that the Committee on the Budget direct its chairman to request, on behalf of the committee, that the rule for consideration of the Deficit Reduction Act of 2005 make in order an amendment that: (1) eliminates all new student-paid fees that increase the cost of receiving a student loan; and (2) makes other adjustments necessary to ensure that the amendment is deficit-neutral. The motion was not agreed to by a rollcall vote of 16 ayes and 22 noes.

VOTE NO. 3

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. NUSSLE, Chairman		X		Mr. SPRATT, Ranking	X		
Mr. RYUN (KS)		X		Mr. MOORE	X		
Mr. CRENSHAW		X		Mr. NEAL	X		
Mr. PUTNAM		X		Ms. DeLAURO	X		
Mr. WICKER		X		Mr. EDWARDS	X		
Mr. HULSHOF		X		Mr. FORD	X		
Mr. BONNER		X		Mrs. CAPPS	X		
Mr. GARRETT		X		Mr. BAIRD	X		
Mr. BARRETT		X		Mr. COOPER			
Mr. McCOTTER		X		Mr. DAVIS	X		
Mr. DIAZ-BALART		X		Mr. JEFFERSON	X		
Mr. HENSARLING		X		Mr. ALLEN	X		

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. ROS-LEHTINEN		X		Mr. CASE	X		
Ms. LUNGREN		X		Ms. MCKINNEY	X		
Mr. SESSIONS		X		Mr. CUELLAR	X		
Mr. RYAN (WI)		X		Ms. SCHWARTZ	X		
Mr. SIMPSON		X		Mr. KIND	X		
Mr. BRADLEY		X					
Mr. McHENRY		X					
Mr. MACK		X					
Mr. CONAWAY		X					
Mr. CHOCOLA		X					

3. MOTION ON MEDICAID

Representatives Allen, Baird, Capps, Case, Cuellar, Davis, and Jefferson moved that the Committee on the Budget direct its chairman to request, on behalf of the committee, that the rule for consideration of the Deficit Reduction Act of 2005 make in order an amendment that: (1) strikes any Medicaid cuts that will negatively affect Medicaid beneficiaries such as cost sharing increases, new premiums and cuts to benefit packages; and (2) offsets the cost by making changes to Medicare Advantage payments consistent with the changes recommended by the Senate Finance Committee in its FY 2006 reconciliation submission and in amounts necessary to ensure that the amendment is deficit-neutral. The motion was not agreed to by a rollcall vote of 16 ayes and 22 noes.

VOTE NO. 4

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. NUSSLE, Chairman		X		Mr. SPRATT, Ranking	X		
Mr. RYUN (KS)		X		Mr. MOORE	X		
Mr. CRENSHAW		X		Mr. NEAL	X		
Mr. PUTNAM		X		Ms. DeLAURO	X		
Mr. WICKER		X		Mr. EDWARDS	X		
Mr. HULSHOF		X		Mr. FORD	X		
Mr. BONNER		X		Mrs. CAPPS	X		
Mr. GARRETT		X		Mr. BAIRD	X		
Mr. BARRETT		X		Mr. COOPER			
Mr. McCOTTER		X		Mr. DAVIS	X		

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. DIAZ-BALART		X		Mr. JEFFERSON	X		
Mr. HENSARLING		X		Mr. ALLEN	X		
Mr. ROS-LEHTINEN		X		Mr. CASE	X		
Ms. LUNGREN		X		Ms. MCKINNEY	X		
Mr. SESSIONS		X		Mr. CUELLAR	X		
Mr. RYAN (WI)		X		Ms. SCHWARTZ	X		
Mr. SIMPSON		X		Mr. KIND	X		
Mr. BRADLEY		X					
Mr. McHENRY		X					
Mr. MACK		X					
Mr. CONAWAY		X					
Mr. CHOCOLA		X					

4. MOTION ON FOOD STAMPS AND CHILD SUPPORT

Representatives Davis, DeLauro, Capps, Jefferson, and Cuellar moved that the Committee on the Budget direct its chairman to request, on behalf of the committee, that the rule for consideration of the Deficit Reduction Act of 2005 make in order an amendment that strikes provisions that reduce the Federal matching rate for State expenditures on child support programs, eliminate the Federal match on State activities funded by Federal incentive payments, and cut food stamp benefits; and that makes other adjustments necessary to ensure that the amendment is deficit-neutral. The motion was not agreed to by a rollcall vote of 17 ayes and 20 noes.

VOTE NO. 5

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. NUSSLE, Chairman		X		Mr. SPRATT, Ranking	X		
Mr. RYUN (KS)		X		Mr. MOORE	X		
Mr. CRENSHAW		X		Mr. NEAL	X		
Mr. PUTNAM		X		Ms. DeLAURO	X		
Mr. WICKER		X		Mr. EDWARDS	X		
Mr. HULSHOF		X		Mr. FORD	X		
Mr. BONNER		X		Mrs. CAPPS	X		
Mr. GARRETT		X		Mr. BAIRD	X		

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. BARRETT		X		Mr. COOPER			
Mr. McCOTTER		X		Mr. DAVIS	X		
Mr. DIAZ-BALART	X			Mr. JEFFERSON	X		
Mr. HENSARLING		X		Mr. ALLEN	X		
Mr. ROS-LEHTINEN	X			Mr. CASE	X		
Ms. LUNGREN		X		Ms. McKINNEY			
Mr. SESSIONS		X		Mr. CUELLAR	X		
Mr. RYAN (WI)		X		Ms. SCHWARTZ	X		
Mr. SIMPSON		X		Mr. KIND	X		
Mr. BRADLEY		X					
Mr. McHENRY		X					
Mr. MACK		X					
Mr. CONAWAY		X					
Mr. CHOCOLA		X					

5. MOTION ON BYRD AMENDMENT

Representatives Jefferson and Spratt moved that the Committee on the Budget direct its chairman to request, on behalf of the committee, that the rule for consideration of the Deficit Reduction Act of 2005 make in order an amendment that strikes the provisions that repeal the Continued Dumping and Subsidy Offset Act (commonly known as the “Byrd Amendment”) and that makes other adjustments necessary to ensure that the amendment is deficit-neutral. The motion was not agreed to by a rollcall vote of 17 ayes and 19 noes.

VOTE NO. 6

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. NUSSLE, Chairman		X		Mr. SPRATT, Ranking	X		
Mr. RYUN (KS)		X		Mr. MOORE	X		
Mr. CRENSHAW		X		Mr. NEAL	X		
Mr. PUTNAM		X		Ms. DeLAURO	X		
Mr. WICKER		X		Mr. EDWARDS	X		
Mr. HULSHOF		X		Mr. FORD	X		
Mr. BONNER		X		Mrs. CAPPS	X		
Mr. GARRETT		X		Mr. BAIRD	X		

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. BARRETT	X			Mr. COOPER			
Mr. McCOTTER		X		Mr. DAVIS	X		
Mr. DIAZ-BALART		X		Mr. JEFFERSON	X		
Mr. HENSARLING		X		Mr. ALLEN	X		
Mr. ROS-LEHTINEN		X		Mr. CASE	X		
Ms. LUNGREN		X		Ms. McKINNEY	X		
Mr. SESSIONS		X		Mr. CUELLAR	X		
Mr. RYAN (WI)		X		Ms. SCHWARTZ	X		
Mr. SIMPSON	X			Mr. KIND			
Mr. BRADLEY		X					
Mr. McHENRY							
Mr. MACK		X					
Mr. CONAWAY		X					
Mr. CHOCOLA		X					

6. MOTION ON LIHEAP

Representatives DeLauro and Davis moved that the Committee on the Budget direct its chairman to request, on behalf of the committee, that the rule for consideration of the Deficit Reduction Act of 2005 make in order an amendment that increases the amount of funding provided in the Act for the Low Income Home Energy Assistance Program from \$1 billion to \$3.093 billion and that imposes a temporary windfall profits tax on oil companies to ensure that the amendment is deficit-neutral. The motion was not agreed to by a rollcall vote of 15 ayes and 21 noes.

VOTE NO. 7

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. NUSSLE, Chairman		X		Mr. SPRATT, Ranking	X		
Mr. RYUN (KS)		X		Mr. MOORE	X		
Mr. CRENSHAW		X		Mr. NEAL	X		
Mr. PUTNAM		X		Ms. DeLAURO	X		
Mr. WICKER		X		Mr. EDWARDS	X		
Mr. HULSHOF		X		Mr. FORD	X		
Mr. BONNER		X		Mrs. CAPPS	X		
Mr. GARRETT		X		Mr. BAIRD	X		

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. BARRETT		X		Mr. COOPER			
Mr. McCOTTER		X		Mr. DAVIS	X		
Mr. DIAZ-BALART		X		Mr. JEFFERSON			
Mr. HENSARLING		X		Mr. ALLEN	X		
Mr. ROS-LEHTINEN		X		Mr. CASE	X		
Ms. LUNGREN		X		Ms. McKINNEY	X		
Mr. SESSIONS		X		Mr. CUELLAR			
Mr. RYAN (WI)		X		Ms. SCHWARTZ	X		
Mr. SIMPSON		X		Mr. KIND	X		
Mr. BRADLEY	X						
Mr. McHENRY		X					
Mr. MACK		X					
Mr. CONAWAY		X					
Mr. CHOCOLA		X					

STATEMENT ON COMMITTEE OVERSIGHT FINDINGS

Clause 3(c)(1) of rule XIII of the Rules of the House of Representatives requires the report of a committee on a measure that has been approved by the committee to contain oversight findings and recommendations required pursuant to clause (2)(b)(1) of rule X. The Committee on the Budget has examined its activities over the past year and has determined that there are no specific oversight findings on the text of the reported bill.

NEW BUDGET AUTHORITY AND CONGRESSIONAL BUDGET OFFICE ESTIMATE

Clause 3(c)(2) and (3) of rule XIII of the Rules of the House of Representatives and sections 308 and 402 of the Congressional Budget Act require the report of a committee on a measure approved by the committee to include a timely submitted cost estimate by the Congressional Budget Office [CBO]. CBO provided separate estimates of the legislation submitted by each of the authorizing committees and are included under the appropriate titles.

STATEMENT ON GENERAL PERFORMANCE GOALS AND OBJECTIVES

Clause (3)(c)(4) of rule XIII of the Rules of the House of Representatives requires the report of a committee on a measure that has been approved by the committee to include a statement of general performance goals and objectives, including outcome-related goals and objectives, for which the measure authorizes funding. This measure is intended to reduce direct spending, and is reported

pursuant to section 201 of H. Con. Res. 95, the concurrent resolution on the budget for fiscal year 2006.

CONSTITUTIONAL AUTHORITY STATEMENT

Clause 3(d)(1) of rule XIII of the Rules of the House of Representatives requires each report of a committee on a public bill or public joint resolution contain a statement citing the specific powers granted to Congress in the Constitution to enact the law proposed by the bill or joint resolution. The Committee on the Budget states that its action in reporting this bill is derived from Article I of the Constitution, Section 5 ('Each House may determine the Rules of its Proceedings') and Section 8 ('The Congress shall have the power to make all Laws which shall be necessary and proper * * *').

CHANGES IN EXISTING LAW

Clause 3(e) of rule XIII of the Rules of the House of Representatives requires each report of a committee on a public bill or public joint resolution contain the text of statutes that are proposed to be repealed and a comparative print of that part of the bill proposed to be amended whenever the bill repeals or amends any statute. The required matter is included in the report language for each title of the legislative recommendations submitted by the appropriate authorization committees and reported to the House by the Committee on the Budget.

UNFUNDED MANDATE STATEMENT

Section 423 of the Congressional Budget and Impoundment Control Act of 1974 requires a statement of whether the provisions of the reported bill include unfunded mandates. The committee received a letter regarding unfunded mandates from the Director of the Congressional Budget Office. [See the Congressional Budget Office Cost Estimate under the appropriate title.]

VIEWS OF THE MEMBERS OF COMMITTEES SUBMITTING RECONCILIATION RECOMMENDATIONS

Clause 2(c) of rule XIII of the Rules of the House of Representatives requires each report by a committee on a public matter to include any additional, minority, supplemental or dissenting views submitted pursuant to clause 2(1) of rule XI by one or more members of the committee. In addition, this report includes such views from members of committees submitting reconciliation recommendations pursuant to H. Con. Res. 95.